Department of the Treasury

Office of Thrift Supervision

Transmittal

March 1, 1994 **Number: 98**

Attached is a proposed rule that would incorporate two areas of risk into assessments of a savings association's capital adequacy — the concentration of credit risk and the risks of nontraditional activities.

Consideration of these risks is required by section 305 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). The proposed rule, to implement portions of section 305, is being issued jointly by the Office of Thrift Supervision, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve.

The proposed rule implements FDICIA by identifying concentration of credit risk and certain risks arising from nontraditional activities, as well as an institution's ability to manage these risks, as important factors in assessing an institution's overall capital adequacy.

Two other requirements of section 305 are being addressed in separate rulemakings: a final rule to take adequate account of interest rate risk was published on August 31, 1993, 58 *Federal Register* 45799, and a forthcoming final rule requiring that risk-based capital standards reflect the actual performance and expected risk of loss of multifamily mortgages.

The proposed rule was published in the *Federal Register*, Vol. 59, No. 35, pp. 8420-8424. Written comments must be received on or before March 24, 1994, addressed to: Director, Information Services, Public Affairs Office, Office of Thrift Supervision, 1700 G Street NW., Washington, DC 20552.

Jonathan L. Fiechter

Jonathan L. Fiechter
Acting Director
Office of Thrift Supervision

Attachment